



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 19, 2012

Mark Lopez
Unico, Inc.
P. O. Box 503228
San Diego, California 92150

Subject: Evaluation of Reclamation Surety, Unico, Inc., Deer Trail Mine, M/031/0003, Piute County, Utah

Dear Mr. Lopez:

In a letter dated September 6, 2011, the Division of Oil, Gas and Mining notified you that the reclamation surety for the Deer Trail mine (M/031/0003) was due for adjustment, and that the total amount of surety required by October 31, 2011, was \$256,900.00. Rationale for the increase was included in that letter. The Division has not received any additional surety from you. Currently, the Division holds a total surety of \$158,600.00 for this mine.

In a recent telephone conversation with the lead inspector for the Division, Peter Brinton, you expressed your interest in excluding the tailings impoundment from the reclamation cost calculations in order to lower the required amount of reclamation surety.

The Division must have sufficient surety to cover all existing and planned operations identified in your current Notice of Intention to Commence Large Mining Operations (NOI). If you wish to remove the currently-approved tailings impoundment from the reclamation cost calculation, you must amend the NOI to remove the tailings impoundment and provide updated reclamation cost calculations that represent the conditions of the amended NOI. Under this scenario, the construction of a tailings impoundment would not be permitted unless a future amendment to re-instate a tailings impoundment facility was approved, acceptable surety was received, and approval to proceed was granted by the Division.

By this letter and based on telephone conversations, the Division is allowing an extension of the time required to submit the surety or to take actions that would reduce the reclamation liability. **By May 1, 2012, please submit to the Division EITHER:**

- 1) **The currently-required surety amount of \$98,300.00, OR**



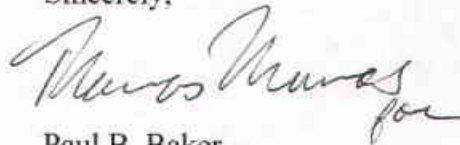
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- 2) A complete NOI amendment removing the tailings impoundment from the plan and including updated reclamation cost calculations.**

Failure to take one of these actions is likely to result in issuance of a cessation order and associated fine. It could also result in withdrawal of the NOI and an order to immediately commence reclamation.

If you have general questions regarding Division requirements for reclamation cost calculations, please call Wayne Western at 801-538-5263. If you have other questions or concerns, please call Peter Brinton at 801-538-5258 or me at 801-538-5258. Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Paul B. Baker".

Paul B. Baker
Minerals Program Manager

PBB: pnb: eb

cc: Ken Wiedrich, Unico (kennethwiedrich@gmail.com)
Rob Hamilton, U.S. Forest Service, Beaver Ranger District, P.O. Box E, Beaver, Utah 84713
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